

ESTTA Tracking number: **ESTTA587878**

Filing date: **02/18/2014**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding.	91211392
Applicant	Plaintiff Hallmark Licensing, LLC
Other Party	Defendant Hallmark Industries, Inc.
Have the parties held their discovery conference as required under Trademark Rules 2.120(a)(1) and (a)(2)?	Yes

Motion for Suspension in View of Civil Proceeding With Consent

The parties are engaged in a civil action which may have a bearing on this proceeding. Accordingly, Hallmark Licensing, LLC hereby requests suspension of this proceeding pending a final determination of the civil action. Trademark Rule 2.117.

Hallmark Licensing, LLC has secured the express consent of all other parties to this proceeding for the suspension and resetting of dates requested herein.

Hallmark Licensing, LLC has provided an e-mail address herewith for itself and for the opposing party so that any order on this motion may be issued electronically by the Board.

Certificate of Service

The undersigned hereby certifies that a copy of this paper has been served upon all parties, at their address record by First Class Mail on this date.

Respectfully submitted,

/david n johnson/

David N. Johnson

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02/18/2014

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

HALLMARK LICENSING, LLC

Opposer,

v.

HALLMARK INDUSTRIES, INC.

Applicant.

Opposition No. 91211392

CERTIFICATE OF ELECTRONIC MAIL

I hereby certify that this correspondence is being sent to the TTAB via the Electronic System for Trademark Trials and Appeals (ESTTA) on this 18th day of January, 2014.

February David N. Johnson
David N. Johnson

**CONSENTED MOTION AND MEMORANDUM IN SUPPORT
TO SUSPEND PROCEEDINGS PURSUANT TO 37 C.F.R. RULE 2.117(a)**

Opposer Hallmark Licensing, LLC (“Opposer”), with the consent of Applicant Hallmark Industries Inc. (“Applicant”), hereby respectfully submits this Consented Motion and Memorandum in Support of Motion to Suspend Proceedings in the above-referenced opposition proceeding.

On December 23, 2013, Opposer (along with related entity Hallmark Cards, Incorporated or “HCI”) filed a Complaint against Applicant in the U.S. District Court for the Western District of Arkansas, styled Hallmark Licensing, LLC and Hallmark Cards, Incorporated v. Hallmark Industries Inc., Case No. 13-5303 (“Civil Case”). The Complaint is attached hereto as Exhibit 1. Opposer’s Complaint in the Civil Case asserts counts for: (1) declaratory judgment of no infringement by Opposer and HCI; (2) declaratory judgment of no unfair competition by Opposer and HCI; (3) declaratory judgment of no dilution by Opposer and HCI; (4) trademark infringement by Applicant; and (5) dilution by Applicant. All counts in the Complaint in the Civil Case relate to Opposer’s and Applicant’s disputed rights in and to the HALLMARK mark and name, and variations thereof. One of the primary issues in the Civil Case is the relative use priority of the parties and thus the determination of which party or parties may use and/or register the HALLMARK mark and

variations. To date, Applicant has not answered or otherwise responded to the Complaint in the Civil Case, but must do so by April 22, 2014, unless this deadline is extended.

Based upon the foregoing facts, the co-pending litigation in the Civil Case involves issues in common with those encompassed in the above-referenced opposition proceeding currently before the Board, for example, whether Opposer's HALLMARK mark creates a likelihood of confusion with Applicant's trademark under the Lanham Act, 15 U.S.C. § 1051, et seq, or vice versa, and which party has priority in the HALLMARK and related marks. Opposer respectfully submits that pursuant to 37 C.F.R. 2.117(a) and TBMP § 510.02 the Board should suspend the current opposition proceeding until final determination of the co-pending litigation in the Civil Case.

37 C.F.R. 2.117(a) provides, in pertinent part::

“(a) Whenever it shall come to the attention of the Trademark Trial and Appeal Board that a party or parties to a pending case are engaged in a civil action...which may have a bearing on the case, proceedings before the Board may be suspended until termination of the civil action....”

In this instance, both the current opposition proceeding and the Civil Case involve the same parties, the same mark for which registration is sought, as well as the same questions of likelihood of confusion and priority in use and right to use and register. The Civil Case is certain to have a bearing on the current opposition proceeding and accordingly, suspension of the above-captioned opposition proceedings is plainly appropriate.

Opposer files this motion with the consent of Applicant.

The foregoing motion is made in good faith and not for the purpose of delay. For the reasons set forth herein, Applicant respectfully requests that the Board grant its Consented Motion to Suspend the Proceedings in the above-referenced opposition proceeding pending the outcome of

the directly related Civil Case.

Respectfully submitted,

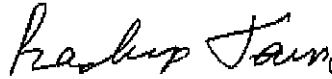


David N. Johnson, Esq.
Hallmark Cards, Incorporated
2501 McGee Trafficway, MD 339
Kansas City, MO 64108
Email: David.Johnson@hallmark.com

**ATTORNEYS FOR HALLMARK LICENSING,
LLC**

SO CONSENTED:

HALLMARK INDUSTRIES INC.



By _____

02-14-2014

Pradip K. Jain, President

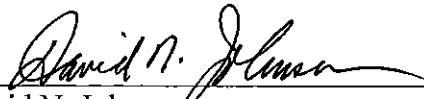
CERTIFICATE OF SERVICE

I hereby certify that, on this 18th day of February, 2014, a true and correct copy of the foregoing Consented Motion to Suspend was served upon Applicant via e-mail to pkjain2@hallmarkus.com and via first class mail to the following address:

Hallmark Industries Inc.
c/o Pradip K. Jain, President
800 31st Street
Union City, NJ 07087

and that a true and correct copy was also sent via first class mail to counsel of record for Applicant at the following address:

Donna Mirman, Esq.
Gottlieb, Rackman & Reisman, P. C.
270 Madison Avenue
New York, New York 10016



David N. Johnson

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF ARKANSAS
FAYETTEVILLE DIVISION

DEC 23 2013

CHRIS R. JOHNSON, CLERK

BY

DEPUTY CLERK

HALLMARK LICENSING, LLC, and
HALLMARK CARDS, INCORPORATED,

PLAINTIFFS

Vs.

No: 13-303

HALLMARK INDUSTRIES INC.,

DEFENDANT

RULE 7.1 CORPORATE DISCLOSURE STATEMENT

Pursuant to Federal Rule of Civil Procedure 7.1, Plaintiffs hereby disclose that Hallmark Licensing, LLC (a Kansas LLC), is wholly owned by Hallmark Cards, Incorporated, a privately-held Missouri corporation. Plaintiff Hallmark Cards, Incorporated, hereby discloses that it has no parent corporation and that no publicly held corporation owns ten percent or more of its stock.

Plaintiffs are currently unaware of all corporate affiliations with, or ownership interests in, Defendant Hallmark Industries Inc. Nor are Plaintiffs currently aware of all corporate affiliations with, or ownership interests in, two corporate entities Jacmel Jewelry Inc. and Wal-Mart Stores, Inc., that have a significant interest and role in this litigation.

BRYAN CAVE LLP

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By /s/ Gregory T. Jones

Gregory T. Jones (83097)

Eric Berger (2004210)

Richard Blakely Glasgow (2009157)

*Attorneys for Plaintiffs Hallmark Licensing, LLC, and
Hallmark Cards, Incorporated*

UNITED STATES DISTRICT COURT

for the

Western District of Arkansas

HALLMARK LICENSING, LLC, and
HALLMARK CARDS, INCORPORATED

Plaintiff(s)

v.

HALLMARK INDUSTRIES, INC.

Defendant(s)

Civil Action No. 13-5303

SUMMONS IN A CIVIL ACTION

To: *(Defendant's name and address)* HALLMARK INDUSTRIES, INC.

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are:

Greg Jones
Wright Lindsey Jennings
200 W. Capitol Ave., Suite 2300
Little Rock, AR 72201

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

Teri Anderson

Signature of Clerk or Deputy Clerk

Date: 12-23-13

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____.

☐ I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____; or

☐ I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____, and mailed a copy to the individual's last known address; or

☐ I served the summons on *(name of individual)* _____, who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____; or

☐ I returned the summons unexecuted because _____; or

☐ Other *(specify)*: _____

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ 0.00.

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

UNITED STATES DISTRICT COURT

Western

District of

Arkansas

Hallmark Licensing, LLC et al

Plaintiff

V.

Hallmark Industries, Inc.

Defendant

NOTICE AND CONSENT —

EXERCISE OF JURISDICTION BY A UNITED STATES
MAGISTRATE JUDGE

Case Number: 13-5303

**NOTICE OF AVAILABILITY OF A UNITED STATES MAGISTRATE JUDGE
TO EXERCISE JURISDICTION**

In accordance with the provisions of 28 U.S.C. §636(e), and Fed.R.Civ.P. 73, you are notified that a United States magistrate judge of this district court is available to conduct any or all proceedings in this case including a jury or nonjury trial, and to order the entry of a final judgment. Exercise of this jurisdiction by a magistrate judge is, however, permitted only if all parties voluntarily consent.

You may, without adverse substantive consequences, withhold your consent, but this will prevent the court's jurisdiction from being exercised by a magistrate judge. If any party withholds consent, the identity of the parties consenting or withholding consent will not be communicated to any magistrate judge or to the district judge to whom the case has been assigned.

An appeal from a judgment entered by a magistrate judge shall be taken directly to the United States court of appeals for this judicial circuit in the same manner as an appeal from any other judgment of this district court.

CONSENT TO THE EXERCISE OF JURISDICTION BY A UNITED STATES MAGISTRATE JUDGE

In accordance with provisions of 28 U.S.C. §636(e) and Fed.R.Civ.P. 73, the parties in this case consent to have a United States magistrate judge conduct any and all proceedings in this case, including the trial, order the entry of a final judgment, and conduct all post-judgment proceedings.

Party Represented

Signatures

Date

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Do not file this form electronically. Please return form with original signature(s) to:

**United States District Clerk
35 East Mountain, Room 510
Fayetteville, Arkansas 72701**

U. S. DISTRICT COURT
WESTERN DISTRICT ARKANSAS
FILED

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF ARKANSAS
FAYETTEVILLE DIVISION

DEC 23 2013

CHRIS R. JOHNSON, CLERK

DEPUTY CLERK

PLAINTIFFS

HALLMARK LICENSING, LLC, and
HALLMARK CARDS, INCORPORATED,

Vs.

No: 13-5303

JLH

HALLMARK INDUSTRIES INC.,

DEFENDANTS

COMPLAINT

Plaintiffs Hallmark Licensing, LLC ("Hallmark Licensing") and Hallmark Cards, Incorporated ("Hallmark Cards"), for their complaint against defendant Hallmark Industries Inc. ("HII"), state and allege as follows:

Nature of Action

1. This is an action (A) for declaratory judgment seeking, among other things, a declaration under the Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202, that Hallmark Licensing and Hallmark Cards have not infringed or diluted any valid and enforceable trademark of HII, nor committed any acts of unfair competition; and (B) for money damages and other relief for trademark infringement under 15 U.S.C. § 1125(a)(1)(A) and trademark dilution under 15 U.S.C. § 1125(c).

The Parties

2. Hallmark Licensing is a limited liability corporation organized and existing under the laws of Kansas, with its principal place of business at 2501 McGee Trafficway, Kansas City, Missouri 64108.

3. Hallmark Cards is a corporation organized and existing under the laws of Missouri, with its principal place of business at 2501 McGee Trafficway, Kansas City, Missouri 64108.

4. Upon information and belief, HII is a corporation organized and existing under the laws of the State of New Jersey, with its principal place of business at 800 31st St., Union City, New Jersey 07087.

Jurisdiction and Venue

5. This action arises under the Trademark Laws of the United States (15 U.S.C. 1051, et seq.). This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331, 1332(a), 1338, 15 U.S.C. § 1121, and under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202, for purposes of granting the declaratory relief sought herein. Plaintiffs Hallmark Licensing and Hallmark Cards and defendant HII are citizens of different states and the amount in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs.

6. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391 because (i) a substantial portion of the events giving rise to this action occurred in this judicial district, and (ii) HII is subject to personal jurisdiction in this judicial district.

Factual Allegations Common to All Counts

7. For many years, Hallmark Cards has used its iconic Hallmark trademark, which includes the familiar stylization and crown design ("HALLMARK Mark")^{1/}, in connection with the sale of a variety of goods and services. Hallmark Licensing, a wholly owned subsidiary of Hallmark Cards, owns the rights to the HALLMARK Mark and related marks, and licenses the HALLMARK Mark for selected use by third-parties and Hallmark affiliates.



8. This trademark dispute between Hallmark Licensing, Hallmark Cards, and HII arises primarily out of HII's recent allegation that the licensing of the HALLMARK mark for jewelry sold to Wal-Mart Stores, Inc. ("Wal-Mart") constitutes an infringement of HII's alleged mark. Wal-Mart is headquartered in this District.

9. Hallmark Cards, originally known as Hall Brothers, has been designing and producing its own greeting cards since 1915. The company's founder, J.C. Hall, was intrigued by the word "hallmark" used by goldsmiths as a mark of quality which also included his family's name. In 1928, Hallmark Cards began marketing its brand by using the Hallmark name on the back of every card. Hallmark Cards began using the HALLMARK Mark in 1949. Hall Brothers changed its name to Hallmark Cards, Incorporated in 1954.

10. Over the years, Hallmark Cards has expanded its product line to include gift wrap products, keepsake ornaments, picture frames, scrapbooks, kitchenware and mugs, home décor items, invitations, announcements, movies, books, stuffed animals and toys, apparel, and jewelry. Hallmark Cards has marketed all of these product lines under the HALLMARK Mark.

11. Hallmark Licensing is the owner of a wide variety of federal applications and registrations which include the word "Hallmark", some of which pre-date 1988.

12. Hallmark Cards has sold jewelry products for many decades. As early as 1942, Hallmark Cards sold a Valentine's Day greeting card bearing a removable gold lapel pin. Since at least the 1960's, Hallmark Cards has sold jewelry bearing the HALLMARK mark, including a line of combination products that consisted of greeting cards with jewelry for Hallmark Cards' "Everyday" card line. The jewelry included gold-filled pins, sterling silver chains, gold-filled charms, and the like. In the early 1970's, Hallmark Cards introduced the "Hallmark Miniature Gallery" line of products which included cameo-style pins.

13. In 1975, Hallmark Cards acquired Trifari Krussman & Fishel ("Trifari"), a jewelry company. In the late 1970's and 1980's, Hallmark Cards sold jewelry identified as "Accents by Hallmark Cards," which included the HALLMARK Mark. In the 1970's and 1980's, Hallmark Cards sold jewelry such as necklaces with lead crystal pendants identified as "Little Gallery by Hallmark," and also sold necklaces and bracelets using the HALLMARK mark. In addition, for years (since at least the mid-1970's), Hallmark Cards has sold lapel pins, necklaces and earrings of various materials, including cloisonné, ceramic, and metal, bearing the famous HALLMARK Mark. In 1988, Hallmark Cards sold Trifari, which at the time had approximately 1,000 employees, to Crystal Brands.

14. Even after the sale of Trifari, Hallmark Cards continued to sell jewelry using the HALLMARK mark. For example, during the late 1980's and early 1990's, Hallmark Cards sold earrings, bracelets, and necklaces under the HALLMARK mark. Hallmark also sold jewelry such as pins, earrings, necklaces, and bracelets during the 1990's identified as "Symbolic Notions," again bearing the HALLMARK Mark. Also in the 1990's, Hallmark Cards sold "Hallmark Hawthorne Manor" greeting cards with jewelry. In addition to selling jewelry of its own designs, for many years Hallmark Cards has obtained licenses from others, such as Disney and Mattel, to use their intellectual property on jewelry, which was marketed and packaged with the HALLMARK mark. For example, in the late 1990's and early 2000's, Hallmark Cards sold jewelry, such as charm bracelets, charms, and metallic pins under the "Marjolein Bastin by Hallmark" label, which incorporated the HALLMARK mark. Hallmark Cards, through one of its subsidiaries, also sold jewelry identified as "ensemble, A Hallmark company," bearing the HALLMARK Mark.

15. Hallmark Cards continued selling jewelry using the HALLMARK Mark throughout the 2000's. For example, Hallmark Cards costume jewelry was sold through the Gold Crown Gift Collections catalog. These products included jewelry manufactured pursuant to a license for "The American Girls" property, including the marks: "THE AMERICAN GIRLS COLLECTION FROM HALLMARK" and "COCONUT TM AND AMERICAN GIRL'S BEST FRIEND FROM HALLMARK," using the HALLMARK Mark. Hallmark Cards also sold wrist watches, including those identified as "hoops and yoyo from Hallmark" using the HALLMARK Mark.

16. In 2010 and 2011, Hallmark Licensing's predecessor, Hallmark Licensing, Inc., entered into several licensing agreements with Jacmel Jewelry Inc. ("Jacmel") for the use of specific Hallmark Licensing trademarks which incorporate the HALLMARK Mark in connection with jewelry, namely: (a) CONNECTIONS FROM HALLMARK in Wal-Mart stores, (b) HALLMARK GOLD CROWN in Hallmark Gold Crown stores, and (c) SINCERELY or other collection name followed by "from Hallmark Cards, Inc." in QVC and other outlets.

17. In April 2011, Jacmel began selling jewelry to Wal-Mart under the HALLMARK Mark licensed by Hallmark Licensing. This jewelry sold by Jacmel bore the "CONNECTIONS FROM HALLMARK" mark, which has been used for over ten years on Hallmark greeting cards and other products sold to Wal-Mart. Jewelry products also continue to be sold in Hallmark Gold Crown stores under the mark "HALLMARK CROWN COLLECTION."

18. As a result of Hallmark Cards' and Hallmark Licensing's decades-long use of the famous HALLMARK Mark in connection with jewelry, consumers are accustomed to seeing the HALLMARK Mark used in the marketing of jewelry products.

19. HII is the owner by assignment from Diastar, Inc., of two U.S. Trademark registrations, HALLMARK DIAMONDS and HALLMARK RINGS, filed in 2003, long after Hallmark Cards and Hallmark Licensing had first used the HALLMARK Mark in the marketing of jewelry products at retail to consumers. Upon information and belief, HII is in the wholesale jewelry business and does not market its products directly to consumers.

20. In the mid-2000's, Hallmark Licensing became aware that HII was attempting to register and use the marks "Hallmark Diamonds" and "Hallmark Rings" in connection with the wholesale of high-end jewelry. After some initial objections to HII's applications, Hallmark Cards ultimately determined that the coexistence of the respective marks would be possible due to HII selling a different type of jewelry through wholesale trade channels to different customers.

21. Recently, Hallmark Licensing discovered that HII applied to register the word "Hallmark" as a standard character "mark" for a broader range of jewelry goods. The specimens supporting this application showed jewelry that not only used the "Hallmark" name, but also used a confusingly similar variation of the famous crown logo in the HALLMARK Mark. HII used this variation to attempt to pass off HII's products as those of Hallmark Cards.

22. Shortly after these discoveries, Hallmark Cards contacted HII to discuss these violations and a possible amicable resolution of the matter. During the course of these discussions, to Hallmark Cards' surprise, HII accused Hallmark Cards and Hallmark Licensing of infringement and dilution, despite the fact that Hallmark Cards had been the first to use the HALLMARK Mark on jewelry and the parties had coexisted for quite some time in the use of the Hallmark name on jewelry.

23. On December 3, 2013, HII demanded that Hallmark Licensing cease and desist from all advertising, promotion and sales of jewelry under the "Hallmark" name. HII demanded

that Hallmark Licensing terminate all sales to Wal-Mart, and that written confirmation of such termination be provided by no later than December 9, 2013.

24. HII has claimed that it had previously sold jewelry to Wal-Mart.

25. HII has threatened to send a cease and desist letter to Wal-Mart unless Hallmark Licensing complies with HII's demand.

26. On December 11, 2013, HII sent letters to Jacmel, demanding that Jacmel cease and desist all advertising, promotion and sales of its jewelry to Wal-Mart under the "Hallmark" name and that written confirmation of same be provided by no later than December 16, 2013.

27. Even if HII could somehow demonstrate senior trademark rights to Hallmark Licensing in the use of the name "Hallmark" on jewelry, which Hallmark Licensing and Hallmark Cards deny, Hallmark Licensing's current and intended licensing of marks that incorporate the HALLMARK Mark for use on jewelry does not infringe or dilute HII's trademark rights for the following reasons:

(A) Hallmark Licensing's HALLMARK mark has priority over HII's marks as to jewelry;

(B) HII's trademark, if any, in the name "Hallmark" is not and was never famous and thus there is no basis to claim dilution;

(C) Hallmark Licensing uses a wide variety of marks incorporating the HALLMARK Mark on jewelry, but does not use the word "Hallmark" alone, mitigating potential confusion with other "Hallmark" users in the jewelry field;

(D) in all cases, Hallmark Licensing has taken efforts, through the use of the HALLMARK Mark and in connection with marks such as "CONNECTIONS FROM

HALLMARK” and “HALLMARK CROWN COLLECTION,” to identify the source of the jewelry in the mark itself;

(E) Hallmark Licensing has used and licensed the HALLMARK Mark for use on primarily costume jewelry sold to consumers at retail, while, upon information and belief, HII has been primarily a wholesaler of fine jewelry, such that the types of jewelry, targeted customers, and channels of trade are different, thereby negating confusion, particularly since HII’s customers would be professional buyers and thus sophisticated consumers not easily confused;

(F) the word “hallmark” is an industry term that has an understood meaning in the jewelry industry to indicate, among other things, a marking of origin or quality, and as such, HII’s alleged rights in the “Hallmark” mark for jewelry are non-enforceable or at least weak to the point that the presence of other mark elements in the HALLMARK Mark, such as the stylization and crown design, should serve to distinguish between a variety of different users;

and

(G) despite the many years of co-existence, Hallmark Licensing is aware of no actual consumer confusion, and no such actual confusion has ever been alleged by HII

(H) HII’s claims against Hallmark Licensing and/or Hallmark Cards are barred by the doctrines of waiver, laches, equitable estoppel and/or unclean hands in that the parties have coexisted in their respective uses with mutual knowledge for a long period of time – perhaps as long as multiple decades – and HII has and continues to infringe Hallmark Licensing’s senior rights in the Hallmark Mark .

28. HII’s recent cease and desist letters to Hallmark Licensing and Jacmel amount to nothing more than a bad faith attempt to extort licensing fees from Hallmark Licensing. If

anyone is diluting or infringing, and attempting to cause consumer confusion, it is HII and not Hallmark Licensing.

29. Whether or not HII is found liable for infringement or dilution through its use of the HALLMARK Mark in conjunction with its jewelry, Hallmark Licensing and Hallmark Cards seek a declaratory judgment that they are not infringing or diluting any of HII's alleged trademark rights.

**COUNT I -- DECLARATORY JUDGMENT OF NO SERVICE MARK INFRINGEMENT
BY HALLMARK LICENSING AND HALLMARK CARDS**

30. Hallmark Licensing and Hallmark Cards re-allege and incorporate each and every allegation set forth in the preceding paragraphs of this Complaint as if fully set forth herein.

31. Based on the foregoing allegations, there exists between the parties an actual case or controversy of sufficient immediacy and reality to warrant declaratory relief.

32. Even if HII could somehow demonstrate senior trademark registration rights to Hallmark Licensing in the use of the name "Hallmark" on diamonds and rings, which Hallmark Licensing and Hallmark Cards deny, Hallmark Licensing's current and intended licensing of the HALLMARK Mark for use on jewelry does not infringe HII's trademark rights for the following reasons:

(A) Hallmark Licensing's HALLMARK mark has priority over HII's marks as to jewelry;

(B) Hallmark Licensing uses a wide variety of marks incorporating the HALLMARK Mark on jewelry, but does not use the word "Hallmark" alone, mitigating potential confusion with other "Hallmark" users in the jewelry field;

(C) in all cases, Hallmark Licensing has taken efforts, through the use of the HALLMARK Mark and in connection with marks such as "CONNECTIONS FROM

HALLMARK” and “HALLMARK CROWN COLLECTION,” to identify the source of the jewelry;

(D) Hallmark Licensing has licensed used and licensed the HALLMARK Mark for use on costume jewelry sold to consumers at retail, while, upon information and belief, HII has been a wholesaler of fine jewelry, such that the types of jewelry, targeted customers, and channels of trade are different, thereby negating confusion, particularly since HII’s customers would be professional wholesale buyers and thus sophisticated consumers not easily confused;

(E) the word “hallmark” is an industry term that has an understood meaning in the jewelry industry to indicate, among other things, a marking of origin or quality, and as such, HII’s alleged rights in the “Hallmark” mark for jewelry are non-enforceable or at least weak to the point that the presence of other mark elements in the HALLMARK Mark, such as the stylization and crown design, should serve to distinguish between a variety of different users; and

(F) despite the many years of co-existence, Hallmark Licensing is aware of no actual consumer confusion, and no such actual confusion has ever been alleged by HII.

(G) HII’s claims against Hallmark Licensing and/or Hallmark Cards are barred by the doctrines of waiver, laches, equitable estoppel and/or unclean hands in that the parties have coexisted in their respective uses with mutual knowledge for a long period of time – perhaps as long as multiple decades – and HII has and continues to infringe Hallmark Licensing’s senior rights in the Hallmark Mark

33. Hallmark Licensing’s use of the HALLMARK Mark is, therefore, not likely to cause confusion, to cause mistake, or to deceive.

34. Hallmark Licensing and Hallmark Cards respectfully request that the Court enter a declaration finding that Hallmark Licensing has not infringed in its continuing use of the Hallmark name as part of the HALLMARK Mark in connection with the marketing and sale of jewelry and has not infringed upon any of HII's alleged trademark rights.

**COUNT II – DECLARATORY JUDGMENT OF NO UNFAIR COMPETITION
BY HALLMARK LICENSING AND HALLMARK CARDS**

35. Hallmark Licensing and Hallmark Cards re-allege and incorporate the preceding paragraphs as if set forth fully herein.

36. Based on the foregoing allegations, there exists between the parties an actual controversy of sufficient immediacy and reality to warrant declaratory relief.

37. Hallmark Licensing's licensing of the marks incorporating the HALLMARK Mark for the sale of jewelry products to consumers is not likely to cause confusion, cause mistake, or deceive as to the affiliation, action or association of Hallmark Licensing or Hallmark Cards with HII, nor as to the origin, sponsorship or approval of Hallmark Licensing's or Hallmark Card's jewelry products.

38. Hallmark Licensing and Hallmark Cards respectfully request that the Court enter a declaration finding that Hallmark Licensing and Hallmark Cards have not committed unfair competition as erroneously alleged by HII and that Hallmark Licensing's and Hallmark Cards' continued use of the HALLMARK Mark in the manufacture, marketing and sale of jewelry will not result in any unfair competition.

**COUNT III – DECLARATORY JUDGMENT OF NO SERVICE MARK
DILUTION BY HALLMARK LICENSING AND HALLMARK CARDS**

39. Hallmark Licensing and Hallmark Cards re-allege and incorporate each and every allegation set forth in the preceding paragraphs of this Complaint as if fully set forth herein.

40. Based on the foregoing allegations, there exists between the parties an actual case or controversy of sufficient immediacy and reality to warrant declaratory relief.

41. HII's alleged trademarks in HALLMARK DIAMONDS and HALLMARK RINGS are not and have never been famous as defined by 15 U.S.C. § 1125(c).

42. Hallmark Licensing's and Hallmark Cards' use of marks incorporating the HALLMARK Mark in the marketing and retail sale of jewelry does not dilute HII's mark in the word "Hallmark" for diamond and ring products, because such use does not impute the qualities of the HII's trademark to jewelry products sold or licensed by Hallmark Licensing or Hallmark Cards and does not otherwise blur or taint HII's alleged marks.

43. Hallmark Licensing and Hallmark Cards thus request that the Court enter a declaration finding that Hallmark Licensing's use of marks incorporating the HALLMARK Mark in the marketing and sale of jewelry does not constitute dilution of HII's alleged trademark rights under 15 U.S.C. § 1125(c).

COUNT IV - TRADEMARK INFRINGEMENT (15 U.S.C. § 1125(a)(1)(A)).

44. Hallmark Licensing realleges and incorporates each and every allegation set forth in the preceding paragraphs as if set forth wholly herein.

45. Hallmark Licensing is the exclusive owner of all right, title and interest to various marks incorporating the HALLMARK Mark as to jewelry products and any and all goodwill relating thereto.

46. Counts IV and V herein are asserted in the alternative to Counts I, II, and III in the event that the Court finds that Hallmark Licensing and HII sell similar jewelry products in the same trade channels and thus there is a likelihood of confusion between Hallmark

Licensing's use of marks incorporating the HALLMARK mark and HII's alleged trademarks in HALLMARK DIAMONDS and HALLMARK RINGS.

47. In this event, Hallmark Licensing asserts that it has priority in the HALLMARK mark as to jewelry due to its use of the HALLMARK Mark in connection with the marketing and sale of jewelry well prior to 1988, which is the date of first use alleged in HII's 2003 applications for registration of HALLMARK DIAMONDS and HALLMARK RINGS.

48. HII has made and is currently making interstate commercial use of Hallmark Licensing's distinctive, valuable, well-noted, famous HALLMARK Mark and/or confusingly similar variations thereof on or in connection with jewelry products.

49. HII has never requested or otherwise sought Hallmark Licensing's consent, authorization or a license to use Hallmark Licensing's HALLMARK Mark and/or any confusingly similar variations thereof.

50. Hallmark Licensing and Hallmark Cards never licensed, consented to, or otherwise authorized HII to use its distinctive, valuable and well-known HALLMARK Mark or any confusingly similar variations thereof.

51. Upon information and belief, the jewelry products marketed, advertised, promoted and sold by HII are similar to and/or directly competitive with the jewelry products, marketed, advertised, and promoted by Hallmark Licensing and/or Hallmark Cards in connection with the valuable HALLMARK Mark.

52. The conduct of HII, as set forth herein, is likely to cause, and in fact has caused confusion, deception and mistake with respect to the origin of jewelry products offered by HII. Under 15 U.S.C. § 1125(a)(1)(A), the actions of HII constitute willful infringement of the HALLMARK Mark or components thereof.

53. HII's actions described herein, upon information and belief, were intentional and therefore constitute infringement upon the HALLMARK Mark.

54. HII's aforesaid actions, in violation of 15 U.S.C. § 1125(a)(1)(A), have caused or will continue to cause damage and irreparable harm to Hallmark Licensing, and are likely to continue unabated, thereby causing further damage and irreparable harm to Hallmark Licensing and to the goodwill symbolized by and associated with the distinctive, valuable, well-known and famous HALLMARK Mark, unless preliminarily and permanently enjoined and restrained by the Court.

55. Hallmark Licensing has no adequate remedy at law and will suffer irreparable injury if HII is allowed to continue to wrongfully use the valuable and well-known HALLMARK Mark and/or any confusingly similar variations thereof.

**COUNT V – VIOLATION OF THE FEDERAL TRADEMARK DILUTION ACT (15
U.S.C. § 1125(c))**

56. Hallmark Licensing realleges and incorporates each and every allegation set forth in the previous paragraphs of this Complaint as set forth in the previous paragraphs of this Complaint as if fully set forth herein.

57. The HALLMARK Mark has become an iconic and famous trademark by virtue of the long and extensive use of the HALLMARK Mark on and in connection with the advertising, marketing, promotion, offers for sale, and sale of various consumer products, including jewelry. Consequently, the HALLMARK Mark has acquired a strong recognition and reputation among the general public, trade, consumers, and the relevant purchasing public as denoting Hallmark Cards as the source of origin.

58. HII has made and is currently making interstate commercial use of the distinctive, valuable, well-known, and famous HALLMARK Mark and/or confusingly similar variation thereof.

59. HII's unlawful use and infringement upon the HALLMARK Mark began after the HALLMARK Mark became famous.

60. HII's unlawful use and infringement upon the HALLMARK Mark has and is continuing to dilute the distinctive nature of the HALLMARK Mark by lessening the ability and capacity of the HALLMARK Mark to identify and distinguish Hallmark Cards as the sole origin of its consumer products, including jewelry, thereby blurring the distinctive quality of the HALLMARK Mark.

61. HII's unlawful use and infringement upon the HALLMARK Mark has and is continuing to dilute the distinctive nature of the HALLMARK Mark by imputing such qualities to HII's jewelry products and lessening the extensive and valuable goodwill, quality, and honor that is associated with the HALLMARK Mark, thereby disparaging and tarnishing the HALLMARK Mark.

62. By virtue of HII's acts hereinabove described, Hallmark Industries has violated and continues to violate the provisions of, *inter alia*, the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c).

63. HII's aforesaid acts in violation of the Federal Trademark Dilution Act have caused and continue to cause damage and irreparable harm to Hallmark Licensing, and are likely to continue unabated, therefore causing further damage and irreparable harm to Hallmark Licensing and to the goodwill symbolized by and associated with its distinctive, valuable, well-

known, and famous HALLMARK Mark, unless permanently enjoined and restrained by the Court.

64. Hallmark Licensing has no adequate remedy at law and will suffer irreparable injury if Hallmark Industries is allowed to continue to wrongly use HALLMARK Mark and/or any other confusingly similar variations thereof.

PRAYER FOR RELIEF AS TO ALL COUNTS

WHEREFORE, Hallmark Licensing and Hallmark Cards respectfully request that the Court enter judgment as follows:

A. Declaring that Hallmark Licensing's and Hallmark Cards' use of the HALLMARK Mark in the marketing and sale of jewelry does not infringe the purported trademark rights of HII in the name "Hallmark" on diamonds, rings and other jewelry under 15 U.S.C §§ 1114 and 1125;

B. Declaring that Hallmark Licensing's and Hallmark Cards' use of the HALLMARK Mark in connection with marks such as "CONNECTIONS FROM HALLMARK" and "HALLMARK CROWN COLLECTION" in the marketing and sale of jewelry does not infringe the purported trademark rights of HII in the name "Hallmark" on diamonds, rings and other jewelry under 15 U.S.C. §§ 1114 and 1125;

C. Declaring that Hallmark Licensing and Hallmark Cards have the right to continue to use the HALLMARK Mark in the marketing and sale of jewelry;

D. Declaring that Hallmark Licensing and Hallmark Cards have the right to continue to use the HALLMARK Mark in connection with such marks as "CONNECTIONS FROM HALLMARK" and "HALLMARK CROWN COLLECTION" in the marketing and sale of jewelry;

E. Declaring that Hallmark Licensing's and Hallmark Cards' use of the HALLMARK Mark on jewelry does not constitute unfair competition under 15 U.S.C. § 1125;

F. Declaring that Hallmark Licensing's and Hallmark Card's use of the HALLMARK Mark in connection with such marks as "CONNECTIONS FROM HALLMARK" and "HALLMARK CROWN COLLECTION" on jewelry does not constitute unfair competition under 15 U.S.C. § 1125;

G. Declaring that Hallmark Licensing's and Hallmark Cards' use of the HALLMARK Mark on jewelry does not constitute dilution under 15 U.S.C. § 1125(c);

H. Declaring that Hallmark Licensing's and Hallmark Cards' use of the HALLMARK Mark in connection with such marks as "CONNECTIONS FROM HALLMARK" and "HALLMARK CROWN COLLECTION" on jewelry does not constitute dilution under 15 U.S.C. § 1125(c);

I. That the Court find that HII's acts constitute infringement of the HALLMARK Mark under 15 U.S.C. § 1125(a)(1)(A), which acts have damaged and will continue to damage Hallmark Licensing;

J. That the Court find that HII's acts constitute dilution under 15 U.S.C. § 1125(c), which acts have damaged and will continue to damage Hallmark Licensing;

K. That HII, its agents, servants, representatives, related companies, successors, assigns, and all others in active concert or participation with them be permanently enjoined by this Court:

(i) From using or registering the HALLMARK Mark, any confusingly similar or colorable variations thereof, either alone or in combination with other words, symbols,

components or the like, as a service mark, trademark, trade name component, or otherwise to market, advertise, or identify the jewelry products of HII; and

(ii) From otherwise infringing or diluting the HALLMARK Mark in any confusingly similar variations thereof;

L. That HII be ordered to deliver up for destruction, within sixty (60) days of the date of the entry for a permanent injunction, all jewelry products in its possession, custody, or control or in the possession, custody, or control of its agents, representatives, and all those who act in concert or participation with any of them, which bear the HALLMARK Mark and/or colorable imitations or confusingly similar variations thereof;

M. That HII be ordered to account to Hallmark Licensing for all gains, profits, and advantages derived from its infringement of the HALLMARK Mark, and other unlawful acts complained of herein;

N. That HII be ordered to file with this Court and serve on Hallmark Licensing and Hallmark Cards, within thirty (30) days after the entry of a permanent injunction order, a report in writing, signed by Hallmark Industries under oath, setting forth in detail the manner and form in which it complied with the injunction;

O. That judgment be entered in favor of Hallmark Licensing and against HII for money damages in an amount to be proven at trial and that such damages be trebled pursuant to 15 U.S.C. § 1117(a) because of the deliberate and willful nature of HII's acts;

P. That the Court order HII to compensate Hallmark Licensing for its costs and attorneys' fees incurred in bringing this action pursuant to 15 U.S.C. § 1117(a);

Q. For Hallmark Licensing's and Hallmark Cards' reasonable attorneys' fees and costs to the extent provided by law or committed to the discretion of this Court; and

R. For such other and further relief as the Court deems just and proper.

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